

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7180

BILL NUMBER: SB 408

DATE PREPARED: Jan 12, 2001

BILL AMENDED:

SUBJECT: Underground storage tanks.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill repeals (1) the Underground Storage Tank Guaranty Fund; and (2) the Underground Storage Tank Loan Guaranty and Grant Programs. It makes conforming amendments. This bill also allows: (1) persons designated by eligible tank owners and operators; and (2) subsequent owners of the property upon which tanks are located if the tanks were previously owned by eligible tank owners and operators; to receive money from the Excess Liability Trust Fund under certain circumstances. The bill also requires the Underground Petroleum Storage Tank Financial Assurance Board to adopt rules to determine eligibility to receive money from the fund for tank owners or operators that acquire ownership or operation of a tank as a result of an inheritance. It also prohibits a tank owner or operator from receiving more than \$4,000,000 from the Excess Liability Trust Fund during a year. The bill makes other changes to the law concerning the Excess Liability Trust Fund. It imposes a civil penalty on an owner of a tank who fails to pay the tank registration fee of not more than \$2,000 per tank for each year that passes after the fee becomes due and before the fee is paid.

Effective Date: June 1, 2001; July 1, 2001.

Explanation of State Expenditures: The Indiana Development Finance Authority (IDFA) administers the Underground Storage Tank Guaranty Fund, which was established in 1996. The Fund is used to allow IDFA to provide grants to low income tank owners who would have trouble closing their tanks under EPA's December 1998 deadline. Expenses of the fund are paid from money in the fund.

A petroleum marketer or retailer or a political subdivision that owns or operates an underground storage tank can apply for a loan guarantee. IDFA gives priority to projects involving underground petroleum storage tanks that pose a threat to the environment or from an owner unable to obtain financing.

The applicants could receive a grant if the tank was closed or removed between December 1997 and July 1998.

The Authority awarded approximately 70 grants ranging in size from \$3,500 to \$15,000. In return, the owners agreed not to sell gas on the site again. Most of the money in the fund, which was a little over \$600,000, was distributed. An additional \$120,000 was transferred into the fund (through legislation) to help owners who had pulled tanks during the time the legislation was debated in the General Assembly. It is expected that no money will be remaining in the UST Guaranty Fund on June 29, 2001.

This legislation will have minimal fiscal impact upon funds of the Indiana Department of Environmental Management. The addition of "...persons designated by eligible owners and operators, and subsequent owners of the property upon which tanks are located if the tanks were previously owned by eligible owners and operator..." (IC 13-23-8-1 and IC 13-23-8-4) will not increase the number of claims or cost to the Underground Petroleum Storage Tank Excess Liability Trust Fund (ELTF). It will make it easier to apply to since "persons designated" and "subsequent owners" will not need to file joint applications with the previous owners/operators.

In regards to increasing the cap from \$2 million to \$4 million per year from the ELTF (IC 13-23-8-8), it is expected to have very little, if any, impact on the ELTF since very few owners/operators have ever reached the \$2 million cap.

The proposed change in the penalty under IC 13-23-12-7 will have no impact upon the ELTF or the Underground Petroleum Storage Tank Trust Fund because the Department of State Revenue assesses penalties based on IC 6-8.1-10-2.1, which is 10% plus interest.

The bill also requires the Underground Petroleum Storage Tank Financial Assurance Board to adopt rules to determine eligibility to receive money from the fund for tank owners or operators that acquire ownership or operation of a tank as a result of an inheritance. Any additional administrative expenses resulting from this provision can be absorbed in the agency current budget.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDFA and IDEM.

Local Agencies Affected: Political subdivisions.

Information Sources: Courtney Tobin, IDFA (317) 233-4332; Erika Seydel Cheney, Director of the Office of Business and Legislative Relations, IDEM (317) 232-8598.